

MEDICAL SELF-INSURANCE FUND*Finance Department***PROGRAM OVERVIEW**

This fund accounts for costs associated with the City's employee health benefit programs, including Red-Med, Group Health, the employees' Wellness program and Employee Assistance Program. Revenues for this fund primarily consist of interfund transfers from departments for employee medical premiums. Fund expenses include plan administration and claims management costs, stop-loss insurance premiums, employee program costs and medical claim costs.

BUDGET OVERVIEW**REVENUES**

	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
IBNR Reserves	\$380,932	\$381,123	\$411,493	\$426,468
Beginning fund balance	616,753	68,228	12,976	453,120
Beginning fund cash	997,685	449,351	424,469	879,588
Interfund premiums	5,426,673	7,216,724	7,204,495	8,142,393
Employee contributions	145,316	150,000	145,250	150,000
Investment interest	70,986	43,293	87,250	50,000
TOTAL REVENUES	\$6,640,660	\$7,859,368	\$7,861,464	\$9,221,981

EXPENDITURES

	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Medical claims	\$4,953,817	\$5,866,248	\$5,427,769	\$6,297,221
Outside premiums	689,391	823,849	927,313	1,274,815
Administrative costs	277,474	391,011	334,597	393,518
Wellness administration	37,597	36,000	37,512	36,000
Other operating costs	24,266	18,604	27,111	23,000
Health premium waivers	61,599	9,000	6,361	6,000
LEOFF 1 transfer	172,047	0	137,767	0
Wellness rebate – employee	0	0	83,446	66,909
IBNR reserve	411,493	456,890	426,468	488,873
Wellness rebate – employer	0	0	83,446	66,909
Ending fund balance	12,976	257,766	369,674	568,736
Ending fund cash	424,469	714,656	879,588	1,124,518
TOTAL EXPENDITURES	\$6,640,660	\$7,859,368	\$7,861,464	\$9,221,981

2001-2002 ACCOMPLISHMENTS

- Examined how the Wellness Program should be changed to comply with the provisions of Health Insurance Portability and Accountability Act of 1996 (HIPPA), which governs the privacy of confidential health information.
- Continued annual reporting to the Council on the performance of the Red-Med plan.
- Promoted healthy work habits and lifestyles through employee Wellness program presentations and activities.
- Began a comprehensive review of the City's health benefits with an eye towards containing costs while still maintaining a quality package for City employees. This study is known as the Benefit Design Study.

2003-2004 INITIATIVES

- Explore cost effective ways (e.g., Association of Washington Cities Retiree Health Plan) to provide retiree health benefits in compliance with state laws.
- Continue the work started on the Benefit Design Study and begin implementing changes to achieve cost containment.
- Continue to educate and promote healthy work and lifestyle habits for City employees through Wellness programs and presentations.
- Monitor state legislative attempts to mandate continuation of coverage for local government retirees and their dependents.

DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)

No program changes were authorized for this fund.